



Best Practices 2000

U.S. Department of Housing and Urban Development
NATIONAL EDITION

APRIL 2000

<http://www.hud.gov/bestpractices.html>

ISSUE No. 5

Building a Better Tomorrow 2000

Fair Housing Month

HUD's Commitment to Equal Housing for All

April 2000, designated as Fair Housing Month, also marks the 32nd anniversary of the passage of the Fair Housing Act, which outlawed housing discrimination. How far have we come in the past 32 years?

As part of the President's "One-America" initiative, HUD began a stepped-up campaign against housing discrimination in 1997. We pledged

to aggressively increase the number of enforcement actions HUD takes against violations of the Fair Housing Act by the year 2000. "The United States government is dedicated to finding it, fighting it and ending it."

The HUD 2020 strategy for fair housing is a "significant departure from our previous approaches to fair housing." We place major emphasis on "partnering" both within the Department and externally with HUD program recipients and those organiza-

tions and individuals that have a major stake in helping to create a nation of open communities. But, HUD's effort to promote equal housing opportunities goes beyond enforcement. Our programs and initiatives strive to provide housing, employment, and services to disadvantaged Ameri-



Secretary Andrew Cuomo, Dept. of Housing and Urban Development

(see COMMITMENT on page 3)

Effective Techniques of Top Performers!

Best Practices Agreement Fosters Fair Lending Through Education

Housing and Urban Development's Fair Lending "Best Practices" Agreement with the Mortgage Bankers Association is providing equal lending opportunities for Minority and Low-income Families

In response to the Department of Housing and Urban Development's (HUD) call for equal access to mortgage credit, the Mortgage Bankers Association of America (MBA) is reaching out to minority communities to recruit and educate new lending professionals.

According to recent studies, federal and state court cases, and news media reports, minority and



Reaching out to minority communities.

low-income borrowers do not have equal access to mortgage funding. Without adequate access to available financing opportunities, minority and low-income families are unable to purchase new homes.

In September 1994, HUD and the MBA came together and executed

(see FAIR LENDING on page 2)

Colorado Mortgage Lenders Association Fights Mortgage-Lending Discrimination

Fighting discrimination in mortgage lending is one of the Colorado Mortgage Lenders Association's (CMLA) top priorities. The aim of CMLA's "Best Practice" is to help wipe out the discriminatory practices that occur in mortgage lending. To achieve this, the organization set a five-year goal of lending \$1 billion to minority, low-to-moderate income, and first-time homebuyers.

In 1996, CMLA signed a Fair Lending Best Practices Agreement with HUD. A year later in 1997, CMLA formed a Fair Lending Best Practices

(see DISCRIMINATION on page 3)

FAIR LENDING from page 1



Initiative results in lending meetings.

a voluntary Fair Lending “Best Practices” Agreement, the first of its kind between a federal agency and a national lending trade association. In December 1997, MBA and HUD renewed this partnership, signing the Master II Agreement. This fair lending “Best Practices” initiative is an integral component of the National Homeownership Strategy, which aims to add up to eight million new homeowners and increase the percentage of Americans who own their homes to a historically high 67.5 percent by the end of the year.

Since the signing of this agreement, HUD and MBA have been engaged in a cooperative effort to assist mortgage lenders and mortgage organizations in the negotiation and signing of individual voluntary fair lending accords. The agreements offer an opportunity for lenders to incorporate fair housing and equal opportunity principles into their mortgage lending standards as well as to increase low-income and minority lending.

To address the pitfall between borrowers and available funding, MBA has partnered with several community and technical colleges in the Washington, DC, area to develop curricula to train minority and low-income citizens interested in pursuing a career in the lending industry.

This Best Practices agreement is an educational outreach program to minority and low-income communities through community colleges and

technical colleges curricula that provide the necessary training to acquire skills for employment in the lending industry. Completion of the training qualifies individuals for positions such as loan originator, loan processor, underwriter, loan servicer, and loan counselor.

According to Robert M. O’Toole, senior vice president for Residential Finance and one of the negotiators for the HUD/MBA initiative, “This Best Practices Agreement is the first and only industry-wide agreement with HUD on fair lending that continues to foster housing opportunities for many Americans.”

Opportunities through education are what this initiative is all about. The MBA has established a number of Best Practice models for lender members, using discrimination-free actions and practices, which will help to increase their lending to minorities and low-income borrowers. It holds fair housing and other lending conferences geared to training lenders in achieving the goals established in the Master Agreement.

The MBA also provides publications and other educational information in various languages so that non-English speaking persons will understand fair lending laws and lenders’ eligibility requirements. Educating individuals in the mortgage lending field will also help address the shortage of job training and homeownership opportunities currently available to minority and low-income individuals. The MBA devised an innovative measure to help minorities and low-income persons have equal access to obtaining mortgage credit.

One of the greatest challenges of the MBA Best Practice can also be considered an accomplishment — the creation of a meaningful internship program. Today, a graduate of the internship program is a full-time MBA employee.



Resolving lending problems gives opportunities to low income families.

The fair lending “Best Practices” initiative achieves results. Lenders are expanding to new and untapped markets, while minority and low-income loan applications have risen. The consumer outreach segment of the initiative is quite remarkable, resulting in successful diversity training in the lending industry. The successes of this initiative have also resulted in increased homeownership among minority and low-income families in many areas across the country.

Referring to the MBA/HUD “Best Practices,” HUD Secretary Andrew Cuomo recently stated: “These agreements build on President Clinton’s One-America initiative to break down barriers of prejudice and promote equality. I congratulate the MBA for its commitment to raise the homeownership rate among minorities and households headed by women.”

Breaking down barriers and giving those who are generally considered under-served a fair chance is what this fair lending “Best Practices” initiative tries to accomplish. Through its educational outreach to minorities, low-income families and lending professionals, the MBA is giving many families across the country the opportunity of achieving their part of the American dream by owning their own homes. The agreement between HUD and the MBA was a historic milestone in the goal towards fair treatment towards all in the home-buying and housing finance marketplace. ♦

COMMITMENT from page 1

cans, many of whom are ethnic minorities. We pledged to double the percentage of enforcement actions in housing discrimination cases.

An impediment to fair housing is any policy or practice that causes or allows housing discrimination to occur – denying people access to housing because of race, disability or because their family has children — ensuring protected classes have fair, non-discriminatory access to housing that is available.

For all of these reasons, our HUD 2020 approach outlines four strategies for combating housing discrimination.

First, we elected to address discrimination in measurable ways by concentrating program resources in a selected number of communities. Our efforts cut across all geographic

areas — urban, suburban and rural, and these communities represent the diverse nature of fair housing program challenges nationwide. We will provide the full range of FHEO enforcement, compliance and program activities in these locations with the objective of reducing discrimination in housing and housing-related services in those communities.

Our second strategy focuses on promoting greater housing choices. Working with other federal departments and agencies, we are expanding the impact HUD's programs and the housing and urban development-related programs have on housing opportunities. This is the key to our success or failure in fair housing. We seek to identify meaningful indicators of equal housing opportunity in each of HUD's program areas and develop measurement systems

for the same. These will become performance measures for all program areas and will be replicable programs that demonstrate success. To enforce this effort, we are forging new and stronger external partnerships with other federal departments and agencies, sharing our collective data and using other federal resources to increase the impact of fair housing requirements.

Third, we are partnering with "stakeholders" in the chosen communities to seek and expand areas of common ground and shared interests in working toward the goals of equal housing opportunity and open communities. We seek partnerships with civil rights, disability advocacy organizations, private fair housing groups, community-based institutions, neighborhood associations, housing industry groups and state and local government

(see COMMITMENT on page 5)

**DISCRIMINATION from page 1**

Lending staff is critical to combating discrimination.

Committee to implement a Best Practices initiative. The committee is comprised of 16 CMLA members who certified their commitment to fair lending practices by signing the Best Practices agreement.

The committee's goal is to provide the necessary knowledge and educational materials to help those involved in mortgage lending make fair and appropriate lending decisions. More

specifically, the committee focuses on self-testing outreach to brokers and community organizations, to increase education, training and recruitment for employees and job opportunities in the mortgage-lending field. In order to eradicate the mortgage-lending problem, CMLA provides ongoing training to members on fair lending practices. Training for mortgage lending staff is critical to combating discrimination and covers topics such as underwriting standards, market analysis, and fair housing educational outreach.

Being fair to mortgage seekers and being treated fairly when seeking a mortgage loan, regardless of a person's race, background or socioeconomic status is one of the premises of attacking lending discrimination. The professional housing industry, minorities, first-time

homebuyers, and low-to-moderate income families are the primary beneficiaries of this Best Practice.

The CMLA initiative has reached several of its goals by benefiting a significant number of individuals in the Denver area. One of the successes of CMLA's initiative includes developing a guide to affordable housing that provides information on lenders and products that targets low- and moderate-income borrowers. In addition, CMLA succeeded in distributing job-opening announcements, establishing a mentoring program, and creating a consumer brochure on how to obtain mortgage loans. As part of its mentoring program, the CMLA committee partnered with Denver's public school personnel to discuss a curriculum covering the home-buying process and credit

(see DISCRIMINATION on page 4)

DISCRIMINATION from page 3



management. The result of this partnership is a home-buying and credit management guide to be written and distributed to high schools within the Denver public school system.

Discrimination is an unfortunate by-product of the cultural diversity in the United States. By educating mortgage lenders, CMLA's initiative aims to help Denver wipe out discrimination that occurs in the lending industry. CMLA's success

is impressive. Since its inception, the number of mortgages offered to minorities, low-to-moderate income families, and first-time homebuyers has increased dramatically. With \$750 million lent by its fourth year, CMLA is on its way to achieving the \$1 billion five-year goal that it set for itself.

According to Ron Wilcox, Executive Director of CMLA, "Organizational efforts of the committee presented initial challenges, however, the commitment of those involved in the initiative was the driving force to overcome all obstacles." The key participants in developing this Best Practice included local mortgage bankers, savings and loan institutions, title companies, insurance agencies, and Denver area professional lending agencies. ♦



Best Practices Focus Group Sessions

BEST PRACTICES FOCUS GROUP SESSIONS —

DEVELOPING PROGRAM SUCCESS MODELS

Public Housing Safety/Drug Elimination	April 6, 2000
Economic Development	April 13, 2000
University Partnerships	April 20, 2000
Neighborhood Networks	April 27, 2000
Native American Programs	May 11, 2000
Community Development	May 18, 2000
Special Needs Housing	May 25, 2000
Rental Production	
(Hope VI, CDBG, HOME)	June 1, 2000
Youth Development	June 8, 2000
Resident Services	June 15, 2000
Rental Assistance/Section 8	June 22, 2000

For more information, contact Neil Brown or
Mary Barry on 202/708-1027.

Best Practices 2000 Symposium

AUGUST 7-10, 2000

WASHINGTON, DC

The U.S. Department of Housing and Urban Development (HUD) will hold its annual Best Practices and Technical Assistance Symposium, August 7-10, 2000 at the Washington Hilton and Towers in Washington, DC. Again this year, one of the highlights will be the presentation of Best Practices awards to 100 of the outstanding organizations and programs that serve as models to others for their work to build/provide affordable housing, spark economic development, create jobs, fight housing discrimination, expand homeownership, and increase self-sufficiency for all. In addition, many workshops, seminars and exhibits will highlight HUD's year in review. Additional information will be available shortly, including speakers, events, and on-line registration at www.hud.gov/bestpractices.

2000 Best Practices Nomination Process

Submitting a Best Practice has never been easier. Now HUD staff, partners and other outside organizations can submit Best Practice nominations using HUD's internet site. The 2000 Best Practice nominations process opened on March 20, 2000 and runs through May 31, 2000. You may access the automated nomination system at <http://www.hud.gov/bestpractices/bpnom.html>.

BEST PRACTICES

A Best Practice must be replicable in other areas of the country, region, or local jurisdiction and generate a significant and demonstrable positive impact on those being served or managed. The nomination must also demonstrate at least one of the following characteristics:

- Effectively use partnerships;
- Creative problem solving;

- Overcome serious obstacles to program implementation; or,
- Demonstrate efficiencies achieved. Special consideration will be given to those projects or programs that either:
- Address two or more of HUD's six Strategic Goals within the same project or effort.
- Use newly developed concepts, technology and/or resources to significantly improve the delivery of housing and community development services, or
- Demonstrate the effective use of multiple HUD programs and resources, as well as private resources, to significantly improve the quality of life throughout the community.

Given this ambitious effort, you should begin submitting your Best Practice nominations for consideration. Go to HUD's website and start sending us your nominations for review. ♦

March Best Practice Focus Groups Summaries

The Best Practice Focus Group Sessions that took place last month addressed the following issues: public housing, consolidated planning, housing counseling, fair housing and enforcement, and homeownership. Focus group participants included several 1999 HUD Best Practices winners, city and state housing representatives, HUD program staff and Best Practices team members.

- **March 16, 2000 — Housing Counseling Focus Group:** The major sub-elements of housing counseling identified by the focus group were: homebuyer education and counseling, reverse mortgage, loss mitigation, delinquency and default counseling. Additional housing counseling service needs include landlord/tenant, pre- and post rental, fair housing, home

maintenance, budget, and homelessness.

- **March 23, 2000 — Fair Housing and Enforcement Focus Group:** The strategic objective of this topic is to eliminate racial and ethnic segregation and expand housing choices by reducing discrimination of all seven of the "protected" classes (i.e., race, color, national origin, familial status, sex, religion, and disability). The major sub-elements of fair housing and enforcement identified by the focus group were promoting compliance of fair housing goals, resource sharing, and building fair housing enforcement partnerships. Additional key elements included education, outreach, and enforcement.

For detailed summaries of these and other focus groups visit our web site at www.hud.gov/bestpractices. ♦

COMMITMENT from page 3

agencies. Where there is cooperation, we will seek future involvement. Where there is fear or suspicion, we will seek dialogue and outreach to alter perceptions.

Our fourth strategy is to partner with HUD recipients and other housing-related public and private organizations to promote open communities. These partnerships provide models that demonstrate successful joint efforts to reduce discriminatory practices and promote open communities.

Fair housing is about preventing and addressing housing discrimination — the practice of making decisions about people's housing based on group characteristics and not the person's individual attributes. It can be as overt as a cross burning, or it can be a more subtle practice such as unthinking adherence to standards that exclude people, or practices that have disparate impact on protected classes. In the case of government agencies, housing discrimination includes failure to address internal impediments and external ones that limit peoples fair housing choices.

The Best Practices highlighted in this newsletter and the ten geographic newsletters are examples of partnerships and programs that have been successfully implemented across the country to promote fair housing for all.

We need to be diligent in our efforts — we need to renew our commitment to watchfulness, to attentiveness, to assure that fair housing becomes an integral part of American life. The freedom and dignity of choosing where you live are choices every American should have. ♦



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Building A Better Tomorrow

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